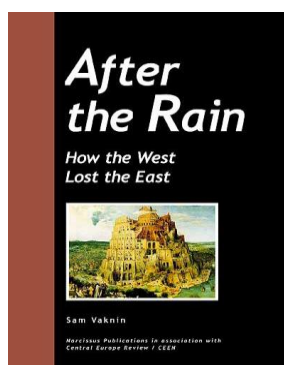


A Contract Between The People of the Republic of Macedonia and (The Party)

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We hereby declare that every free citizen of the Republic of Macedonia has the right to earn a decent and secure living;

The right to provide for his family, to educate his children, to build a home for his loved ones, not to burden them as he grows old;

The right to contribute as a useful citizen to the welfare and progress of his community and of his country;

Every citizen, in other words, has the immutable and inalienable right to look forward to a better future.

We (the party) undertake to put the fulfilment of these natural rights at the top of our agenda, as our first and foremost priority.

We (the party) undertake to intervene in the economy of this country just in order to make such intervention forever redundant and unnecessary;

To re-invent a vigorous, vibrant private sector, which lives from generation to generation through the entrepreneurial spirit of our people;

To encourage the pursuit of happiness through prosperity and well-being, of welfare through employment, of education through work, of good neighbourliness which is the inevitable result of freedom of enterprise and of initiative.

To achieve these ends, we undertake, as an inviolable contract between us and each and every citizen of this country, regardless of race, gender, or religion - to implement the following measures once we are elected to manage this nation on the way to membership in the club of modern nations:

General Orientation

Macedonia is at the heart of an important cross-roads, not only between countries, or continents - but between cultures and between times past and the future.

We will, therefore, adopt "Multi-Orientation":

Whereas we recognize Macedonia's place in the newly emerging great Continent of Europe;

Whereas we will vigorously and unrelentingly pursue Macedonia's integration into the European Union, NATO and all other European political and economic multilateral structures - still, we will pursue as diligently our connection with our close geographic neighbours and strive, together with them, to transform the adjective "Balkanian" from derogatory to the ultimate compliment.

We will collaborate in any and all economic regional frameworks and initiatives - and initiate them as well.

We will put great emphasis upon building an iron bridge of interests and common goals with South East Asia, Japan and China, on the one hemisphere - and the countries of the Americas, on the other.

Even as we do all this, we will never neglect our former economic allies and partners. We will always strive to maintain the best economic collaboration with them and to make them our partners in all our future endeavours and activities.

Government Structure and Budget

Once elected, our party will do away with big, all-pervasive, ominous, corrupt government.

Our government will contain the minimum number of Ministers.

Each Minister will be in charge of a group of subjects, all related to each other.

We will introduce independent budgeting for each Ministry and a system of incentives to those in the service of the government who save the money of the taxpayers. All public procurement will be subject to public, competitive, bidding in domestic and international tenders and reports will be submitted to a special committee in the cabinet, headed by the Minister of Finance.

Our budget will be prepared and subjected to open public debate months before the beginning of the new fiscal year.

All the expenditures in the budget and other budgetary items will have to be covered by a corresponding item of income. This government will not sink Macedonia into the deep and shark infested waters of indebtedness intended to finance consumption.

All legislative initiatives will, first, have to clear this logical hurdle: where will the finance come from? If no sources are proven to exist - the government will do its best to postpone or prevent the legislation.

A clear division will be instituted in the budget between Development items - and current items. Borrowing will be encouraged and dedicated to the former - and abolished from the latter.

The government will introduce - in its first year in office - a balanced budget amendment to the constitution and, thus, ensure that future government will not stray from the path of responsibility and maturity.

Finally, this government will be the first to establish a National Budget Planning Office which will provide the government with five year forecasts based on demographic, economic, geopolitical and technological trends. Such planning is indispensable in the plan to rationalize the process of the preparation of our national budget.

A budget is a declaration of priorities and intents of the nation, as a whole. We intend to bear this in mind and to reverse the devaluation in the importance and seriousness of this all too crucial instrument of policy.

Election Funding and Party Financing

This government will completely revamp the laws pertaining to election spending and party financing.

It will transform the process of elections and make it open, honest, non-corrupt, publicly audited and subject to constant media scrutiny.

Parties will be allocated funds from the budget according to their size in Parliament.

Any party exceeding the funds allocated to it - will be severely monetarily penalized.

Parties will provide complete, audited details of their campaign financing to the election committee and to Parliament. These data will be made available to the press.

Parties will not be allowed to receive money from non-resident donators.

Limitations will be placed on the amount of money raised from a single donator, on funds raised from corporations and from not for profit organizations.

The spending of campaign funds in the various media will be restricted and closely monitored.

A special, permanent authority will monitor the connections and dealings between major donators and the political parties or the politician to whom they have donated.

Economic Legislation and Property Rights

The laws of our Republic which deal with economic matters are, at best, copied verbatim from the codices of other nations. They are muddled, ill-understood even by experts, are not consistent or compatible with each other and contain many "dead weed" provisions.

Thus, instead of encouraging economic activity - they discourage it.

We will harmonize all the economic legislation in Macedonia within a coherent and compact code, phrased in a manner which will be understandable to all, free of contradictions and unsuitable articles and provisions.

We will work to transform our laws from a major deterrent to business - to one of our most attractive features: transparent, comprehensible, just, pro-business.

To do this, our government will create a special council which will be composed of legal experts, business and financial consultants, representatives of the private sectors and the relevant Ministries.

This council will work day and night to rationalize the bureaucratic nightmare forged so successfully by the former administration.

We will introduce to Macedonia - in a legally binding manner - Western standards of accounting. This will constitute a great step towards becoming integrated in the family of advanced economic nations.

All our laws will be reviewed and, where necessary, re-written, to protect the sacred right to own property and to dispose of it or to make use of it in any way deemed appropriate by its owner. The state need not intervene in these matters, except to protect these rights against any infringement, either by itself, or by anyone else.

We take this opportunity to tell all foreign investors and domestic investors in the world:

This is the end of the dark era of property rights in Macedonia.

Your rights of all kinds, and your property rights included, will be zealously guarded by this administration. Special emphasis will be placed on the protection of intellectual property rights: copyrights, brandnames, registered trademarks.

You are the most welcome guests to Macedonia's future.

Judicial and Quasi-Judicial System

No law exists where no law is enforced. Our courts are slow, hesitant and ineffective. Justice served late - is injustice.

This government will revamp, reconstruct and rehabilitate the judicial system. It will allocate the budget necessary to double the number of judges, to build new facilities, to computerize the courts, to get rid of the backlog by operating second shifts, to establish well stocked legal libraries, to better the pay of the judges in order to attract the best legal minds to the profession and to provide them with the necessary administrative backup.

On the other hand, this government will offer the citizens alternatives to the clogged court system: binding courts of arbitration which will resolve conflicts swiftly and the powers and budgets of courts for special matters (economic, family, administrative) will be considerably enhanced.

On its part, the government will provide the citizenry with free legal advice and, in certain cases, services. It will encourage people to reach out of court compromises by enlisting the services of retired judges, lawyers and eminent public figures to assist the parties. It will financially reward speedy settlements of disputes by allowing tax deductions of the expenses.

The government will embark upon a massive educational effort which will disseminate conflict resolution methods among the uninitiated.

The government will not hesitate to publicly commend or condemn inefficient or corrupt courts and judges. It will, however, not hesitate to reward those who function with efficiency and decency to the benefit of the public and for its interests.

The government will nominate to vacant posts of judges a younger generation of lawyers and legal scholars, more attuned to the needs and realities of current Macedonia.

The government will offer, free of charge, educational possibilities to the judges, both in the studies of law and in other, relevant fields (criminology, psychology, sociology, ethnology, history, physics and chemistry, etc.).

But the government will also encourage the formation of quasi judicial bodies - or their activation, where they already exist.

The State Ombudsman and Reviser, the Securities and Exchange Commission, the Bank Supervision Department in the Central Bank, the Customs Investigative Unit, an anti-trust department - are all examples of arms of the executive branch which will be endowed with police authority and with judicial and criminal prosecution powers. The same powers will be awarded to the committees of the Parliament:

The power to summon and subpoena witnesses, to question them under oath, to gain access to documents, both private and governmental, to fine, detain and arrest.

Where courts cannot tread, where there is no obvious plaintiff - it is there that these quasi judicial bodies can and must intervene:

To protect consumers against the powers of a cartel;

To expose stock manipulation and market rigging and punish those responsible;

To uncover smuggling operations, arrest the smugglers and confiscate the contraband and so on.

It is only with these special powers - which need be exercised carefully lest they be abused - that the citizens and investors (foreign and domestic) will feel protected from the brutality of the State or of big business, or from the wrongdoing of shadowy individuals.

Openness, transparency, equality before the law, speedy resolution of disputes, swift punishment of wrongdoing - will be the pillars of the new Macedonian Judicial System.

Recommendations

1. Double the number of judges, build new court facilities, computerize the courts and the entire workflow of the judges, and provide judges with the necessary administrative backup.
2. Create an Office of Budgetary Management in the judiciary that will allow the courts to reallocate their budget among the courthouses in accordance with their caseloads.
3. Operate the courts in second shifts.
4. Establish well stocked legal libraries and online databases of verdicts, precedents, and decisions.
5. Improve the pay of the judges in order to attract the best legal minds to the profession. Offer better pay against long-term contractual commitment of the

judges (i.e., a judge that signs on for a minimum of five years will receive a higher salary; wages and benefits will reflect on-going training; etc.)

6. Create binding courts of arbitration which will resolve conflicts swiftly.
7. Establish specialty courts for specific matters (FDI, intellectual property, economic, family, administrative) and train judges to operate these courts.
8. Provide the citizenry with free legal advice and, in certain cases, free legal services.
9. Encourage people to reach out of court compromises by enlisting the services of retired judges, lawyers and eminent public figures to assist the parties in "mediation tribunals". Financially reward speedy settlements of disputes by allowing tax deductions of the expenses incurred during out of court procedures, mediation, and arbitration.
10. Embark upon a massive educational effort to convince plaintiffs and disputants to resort to mediation and arbitration instead of the courts.
11. Publish statistics regarding the efficiency of specific judges and courts.
12. Create a special police force and a special tribunal (including at least one foreigner) to deal with corruption in the judiciary. Televise proceedings against corrupt judges.
13. Judges should disclose, by law, once a year, their assets, economic interests, sources of income, and affiliations. Unambiguous and transparent rules regarding conflicts of interest and recusal should be formulated and published.
14. Offer, free of charge, educational possibilities to the judges, both in the studies of law and in other, relevant fields (criminology, psychology, sociology, ethnology, history, physics and chemistry, etc.).
15. Limit the right to appeal in various civil and criminal proceedings. Increase the number of issues that can be decided by a single judge or in administrative or brief procedures.
16. Form quasi judicial bodies and endow with police authority and with judicial and criminal prosecution powers the State Ombudsman and Reviser, the Public Income Authority (UJP), the Securities and Exchange Commission, the Bank Supervision Department in the Central Bank, the Customs Investigative Unit, the military, an anti-trust department. The same powers will awarded to the various committees of Parliament.

Examples of such competencies and powers include:

The power to summon and subpoena witnesses, to question them under oath, to gain access to documents, both private and governmental, to fine, detain and arrest.

To protect consumers against the powers of a cartel;

To expose stock manipulation and market rigging and punish those responsible;

To uncover smuggling operations, arrest the smugglers and confiscate the contraband and so on.

17. Streamline the relationship between the Public Prosecution and the courts: render all processes and communications transparent; establish court oversight on prosecutorial powers.

Data and Statistics

The government, firms in the economy, individual citizens and foreign investors - all base their decisions on statistics, data and its analyses.

Unfortunately, the data and statistics published in the Republic of Macedonia by all involved are ridiculous, in the best of cases and downright misleading.

This government will make the collection of right data, its proper analysis and widespread dissemination - a national priority.

Data will be constantly and periodically collected on the national, regional, municipal and personal level without infringing upon any human or civil rights.

Data gathered from different sources will be compared and crossed to unearth discrepancies and to try and settle them prior to the decision making process.

This government will develop a host of national databases which will serve the executive branch in its fight against crime, tax evasion and corruption. All the organs of the state will be bound by law to transfer all the data that they accumulate to these national, computerized databases.

The government undertakes to dedicate at least one special session a month to the analysis of new data which will be presented to it in the form of monthly reports. The government will engage itself in the important task of understanding demographic, economic and other trends which influence our country.

The decisions of this government will be learned decisions, based on knowledge and far from the guesswork which characterized the previous administrations.

Infrastructure and Regional Development

This government will adopt the broad, modern view of infrastructure.

In today's world of information technology, unlimited mobility of the workforce and of multinational firms - infrastructure is not limited to roads, telephone and electricity lines, media outlets, waterways, office buildings and commercial space. All these are very important and will continue to star in the agenda of this administration.

However, we will adopt the view that infrastructure is anything which facilitates the free exchange of goods, services and ideas. In other words: anything that encourages business and civilized life as we came to know it in the latter half of the 20th century.

Infrastructure includes:

The right legislation and a court system to efficiently enforce it;

Computer networking the country and deeper integration into the information global village through the backbone of the Internet;

A functioning, internationally open, computerized and efficient banking system;

The existence of domestic thriving and dynamic capital markets;

An educated and skilled workforce;

The implementation of Western standards of accounting and disclosure with regards to firms in the private sectors, firms in the public sector and the government as an economic entity;

And above all: equitable, just, open, transparent institutions of government.

This government will introduce public, competitive bidding in all public procurement;

will give the citizen full access to the details of its decision making processes;

will establish institutions of appeal on all levels and subject itself, willingly, to criticism and legal challenges. It will encourage feedback from the people and promises to study each suggestion carefully and to respond on it in a reasoned manner.

This - participatory democracy - is what this government sees as the real infrastructure. A citizen which feels that he can really influence, takes part more willingly in the economic activities of his nation.

The new government will recognize the fact that Macedonia is composed of a few very distinct regions, each unique with its own treasures, burdens, potentials and needs.

To dictate to these regions a central policy, harks back to the darker days of our history. It is also impracticable and inefficient. Today, the trend all over the world is that of "Devolution" - the returning of authority and of responsibility to the level directly in touch with the citizenry and with its needs (the regional and municipal elected authorities).

We will, therefore, encourage each region to act autonomously on behalf of its own economic interests and to establish its own economic council and chamber of commerce.

Regions and big municipalities will be allowed to raise funds in ways which will be prescribed by law and use their assets and future income to do so;

to attract foreign and domestic investments and tourism offering any kind of lawful incentives;

to encourage economic activities within their boundaries or in collaboration with other regions or municipalities;

to enhance their infrastructure, including their educational facilities and to transform many of their functions into economically feasible activities (from waste disposal to recycling, for instance);

to manage their welfare and social services activities as they deem fit, within national guidelines of entitlement and eligibility;

to manage their own financial affairs, using most of the income generated within their boundaries (only a small portion will be transferred to the central government) and to keep and use any savings generated by their activities;

to plan their development on a multiannual level and implement it, without being interfered with or hindered (or assisted) by the central government.

In short: to manage their regional economies to the benefit of their citizens.

Unemployment, Retraining and Trade Unions

The scourge of Macedonia is its totally unacceptable level of unemployment.

Whatever the real figures are - they are much too high. People who could productively contribute to society and to their country - lose their savings, their pride and their families in this degrading social blight called unemployment.

In the eyes of this government, this is the main enemy and it will do its best to win this crucial battle against the degeneration, feeling of futility and bitter despair which engulf such a big part of our populace.

This government undertakes to cut unemployment by one third (33%) in its first 18 months in office - and by one half (50%) at the end of its first term, without using public funds to finance unnecessary, fictitious jobs in the public sector.

We know how to do it. We closely studied the examples of other countries, notably the USA, Netherlands, the United Kingdom and Israel.

We will discourage people from getting unemployment benefits - and encourage them to go to work by giving them tax breaks and by paying them outright to do so.

We will give each employer cash incentives and discounts on the social contributions that he is paying - if he takes an unemployed person to work for him. We prefer to pay the same amount of money to an employer - rather than to the unemployed as habit-forming, addictive unemployment benefits.

We will create communities of unemployed and they will barter goods and services that they produce amongst them, using a special voucher system.

We will sign a "National Employment Contract" involving the trade unions, the employers and the government. This Contract will encourage labour mobility, labour flexibility, the guaranteed formation of new work places against a freeze on employee compensation and a separate treatment of part time work. Each of the parties will have to forgo some of its benefits - to increase the well being of the whole body of the nation.

In this mammoth task, the trade unions play an important role.

Only an elastic, dynamic labour market can bring about the miracle of less unemployment. The unions will have to assist their members by agreeing to be flexible on minimum wages, on part time job, on job security, on hiring and firing procedures, on social and unemployment benefits, on the right to strike, on the level of salaries, on compensation for inflation and a long range of other subjects.

The employers have to sacrifice too: they have to oblige themselves to increase the number of those employed over a number of years, with fixed quantitative targets embedded in the trilateral "National Employment Contract".

The government will transfer to the employers the amount which represents the unemployment benefits of newly hired formerly unemployed persons and will participate in the payments of their social contributions.

But it will also embark upon massive retraining and requalification programs in which it will teach the unskilled and semiskilled unemployed the skills that they require to get back to the labour market.

The government will organize employment fairs, employment bulletins, barter communities of the unemployed and will give priority in its procurement to firms which employ the formerly unemployed.

But - above all - the government, through its progressive and modern day policies will create employment: real, economic, private sector, feasible employment. This kind of employment is long lasting because it is based on true economic value. This government will not bask in the false sun which shone upon the previous government: fictitious employment, hidden unemployment, gross misallocation of economic resources and the economic inefficiency resulting from it.

Education and the Media

Education is our investment in human capital. It is the creation of the most important type of infrastructure. This government will give education the treatment it deserves: a matter of national survival.

Besides expanding and modernizing facilities, adding teachers and instructors and considerably increasing the salaries of teachers to attract the best minds to the profession, this government will revolutionize education. In our country.

The government will define national economic priorities. Education will no longer be divorced from the realities of the jobs markets or the economy as a whole.

Career paths will be delineated to our youngster and they will choose their future course of learning from primary school to university graduation, attuned to the needs of the market.

The government will disseminate knowledge through distance learning (television and computers, satellites and phone lines). It will financially reward teachers who will be willing to teach in remote, less advanced areas. It will institute an "educational cascading": students will teach secondary school pupils and they, in turn, will teach primary school pupils.

It will link schools to the information highway and encourage the construction of educational and learning websites in the Macedonian language.

The government will enlist both state media and private media into this national effort. The media will assist in the rapid expansion of educational efforts and in providing remote access to learning.

The government will positively encourage private education of all types, commercial and non-commercial. It will give its full blessing and assistance to extracurricular educational activities. It will strive to obtain any assistance available from other countries, not for profit organizations, non governmental organizations, international organizations and multilateral groupings - to further education, exchange information, exchange students and staff, promote advanced education, research and development.

To indicate the importance that it attaches to this particular subject, the Minister of Education will also bear the title of Vice Premier.

Small Businesses

Small businesses generated more than 60% of all the new employment in the world in the last two decades. Being aware of this, we will regard the establishment of small businesses as our secret weapon against unemployment.

Again, the Republic of Macedonia can benefit from the experience of other countries: the USA, Israel, the United Kingdom, Ireland.

We will establish "One Stop Shops" in every city in Macedonia.

Entrepreneurs will enter these "shops" with only an idea - and exit them with an on going, operating business. Inside the "shop", the entrepreneur will receive all the assistance that is needed to establish his business: the preparation of business plans

and credit applications, his proposed business will be analysed for feasibility, he will receive all the government and municipal licences and permits on the spot, he will file his application for credit with the representatives of the banks which will also be present there. Then he will be offered a choice of workers from amongst the ranks of the unemployed and some legal and accounting assistance. All this will be done with the constant escort of a Tutor, assigned to him the minute that he enters this shop.

The government will develop and offer special funds for the establishment of small businesses, either in the form of microcredits with no collateral required, or in the form of regular credit directly offered to the entrepreneur - without the involvement of any financial intermediaries.

The government will open "An Entrepreneurs University", in collaboration with the private sector. The graduates of this University will be versed in the erection and the management of a small business.

The government will strongly encourage Intrapreneurship: when big, well established, businesses spin off start-ups for their employees. Small businesses bred by big ones can benefit from the experience of the mother company and from its financial clout.

The government will initiate a host of tax and financial incentives to the small businesses: tax holidays, rebates on social contributions, discounts for government services and the use of infrastructure, priority in gaining access to infrastructure (e.g., phone lines), credits for the purchase of fixed assets and much more.

Pensions and Social Benefits

It is only a matter of time before our whole pension system collapses.

We need to pre-empt this nightmare by learning from the experience of others (notably, the experience of Chile).

This government will maintain a socially acceptable level of pension and other forms of social security.

It will, however, encourage people to supplement it by putting their retirement money into privately managed and tightly regulated retirement funds.

Gradually, the government plans to phase out of this market and to confine itself to the role of a safety net. Social benefits - and, especially pension funds - urgently need to be privatized to avoid the current mismanagement and financial mayhem.

Contributions to private pension funds and to other privatized social security functions (for instance, unemployment insurance) - will receive the same tax treatment and possess the same legal standing as payments within the current system.

Pension funds will be subject to strict control and supervision and to clear investment guidelines. They will provide their members with all the information that they require about their operations, financial results and investments.

They will maintain adequate reserves against their liabilities and against their assets.

This will be part of a larger move to completely deregulate the financial markets.

Financial institutions will be permitted to engage in all manner of financial activities, from insurance to securities brokerage and from deposit taking to loan making.

Healthcare and Social Welfare

This government will not privatize the social services, including the health sector. But it will encourage streamlining and efficiency by introducing competition from the private sector, a wider choice for the consumers and the privatization of certain types of activities within the social services.

Group of citizens, entrepreneurs, investors, Non Government Organizations (NGOs) and Not for Profit Organizations (NPOs) will be encouraged to open competing social services, especially in the health sector - but also in battling unemployment, poverty, child abuse, drug abuse, teenage pregnancies and so on.

The government will look favourably upon such activities in the private sector, regardless if their motivation is commercial or non-commercial.

The government will encourage groups of consumers to form legal entities and to shop and tender for the best and most efficient services for their members.

This government will institute State Medical Insurance: everyone will be automatically insured and a premium will be deducted from his income.

But each citizen thus insured will be allowed to choose the providers of his health care and to form consumer clubs to exert pressure on such providers to better the services that they are offering.

The government will do its utmost to facilitate the way and to financially assist the opening of day care centres for children of working mothers, drug rehabilitation centres, day long classes, extracurricular learning centres, language schools, employment offices, food distribution centres for the needy, night shelters for the homeless, shelters for beaten women, orphanages and psychological treatment stations. All these should be able to turn a profit, if properly planned, financed and managed.

Taxation - Direct and Indirect

This government will not tolerate tax evasion. It will introduce measures - legislative and executive - to severely and mercilessly punish those stealing from their fellow citizens by not paying taxes.

It will establish national databases to track property purchases and compare them to declared income.

It will not hesitate to confiscate property, imprison and deny civil rights to tax evaders.

This government will step up tax enforcement, tax sampling and tax collection.

It will replace the old, tax driven, accounting system with a rational, Western standard accounting system which will lead to full disclosure and to a dramatic increase in tax receipts.

On the other hand, this government will rationalize the tax system by extremely simplifying it, by eliminating numerous loopholes, exemptions and deductions, by increasing the personal allowances, by drastically reducing the tax rates and by introducing VAT (Value Added Tax) and other consumption and excise taxes.

Our VAT will be simple and uniform. It will have one rate and apply to all goods and services. Poor households will receive cash compensation from the VAT authorities on a monthly basis, calculated on a basket of goods and services determined by the Bureau of Statistics.

We believe that taxes should be simple to comprehend and to calculate.

They should be minimal in order not to distort economic decisions.

It should be evident to the citizen, that the money that he paid to the tax authorities was used to his immediate benefit.

This is why this government will embark upon a massive campaign in the media and by direct mail, to explain to the citizens the benefits of paying taxes.

This is why this government will earmark 50% of all VAT revenues to educational, sports, academic and other public benefit or infrastructure projects.

But this government firmly believes that citizens should pay taxes - especially if they are rational and just.

Inflation, Interest Rates, Exchange Rates and the Central Bank

The Central Bank of the Republic of Macedonia is the guardian appointed by law to preserve the stability of the Denar, to manage the country's foreign exchange reserves and to oversee the financial system in the country and its liquidity.

Our Central Bank has failed on all scores but one. It has maintained the stability of the Denar because it followed the advice of the IMF and prevented rampant inflation. But, at what cost!

We state: where there is no economy - there is no inflation!

Where there is no employment - there are no price pressures and the currency is stable!

We intend to transform the Central Bank of Macedonia into the totally independent body that it deserves to be. We will let the Central Bank decide the inflation targets and allow it to use the monetary arsenal to secure the achievement of these targets.

We will establish a Monetary Council, headed by the Governor of the Bank, his Deputy, three prominent academics, three representatives of the private sector and three representatives of the government. This Council will be completely autonomous to set the targets for the money supply, interest rates, inflation and other monetary parameters.

We will liberalize the trading of foreign exchange, abolish all manner of exchange controls and allow the market to fix the exchange rates. The Central Bank will be confined to managing the daily interbank trading and settlement in foreign exchange and it will publish a non-binding "middle exchange rate" for the day. Otherwise, it will have no involvement in this market.

The Supervision of the Banks will be removed from the Central Bank and become an independent unit, nominally under the Minister of Finance.

The Central Bank will have its own budget. It will be barred by law from transferring any of its profits to the national budget. Its autonomy will rest on its financial self-sufficiency.

International Trade - Exports, Imports, Customs Balance of Trade and Balance of Payments

The Republic of Macedonia was reduced to asking for handouts to cover its excesses of consumption. Had it not been for foreign donations, our country would have been broke, unable even to import basic food staples.

The widening twin deficits - one in the balance of trade and balance of payments and the other in the budget deficit - threaten to destroy the very fabric of our economy. Our foreign exchange reserves are barely enough to cover 6 weeks of imports!

This government will strongly encourage exports and the importation of capital goods - and strongly discourage the import of consumption goods. While we unconditionally adhere to international free trade principles - we cannot afford to waste all our (very) scarce economic resources on importing passenger cars!

The institution of VAT will give a considerable boost to exports by improving the terms of trade. It will also encourage local industries which produce import substitutes and discourage imports, by levying a VAT on them.

We will initiate a host of special assistance programs for exporters, all under the umbrella of a special Government Export Institute: from educational seminars, through the modernization of trade services in the banking system (including Electronic Document Interchange - EDI), the provision of grants to finance marketing, the opening of sales representative offices abroad and the participation in trade fairs, the insurance of export transactions and of forward foreign exchange

rates through a special government agency, trade delegations to non-traditional, new export markets - and up to the instalment of export subsidies in certain cases.

We will penalize the imports of non-productive consumption goods by imposing excise taxes on them, by levying taxes on their usage and maintenance, by demanding a declaration concerning the source of the funds used to import them and - when and if necessary - by imposing import quotas.

We will not resort to administrative discriminatory trade practices and to administrative and political devaluation of the foreign exchange rate. But we will put exports as our motto during our tenure.

Economic Sectors

1. Industry and Crafts

This government will not let the economy drift in the stormy water of international competition - unguided and unassisted.

It will have a clear industrial policy and order of priorities.

It will announce these priorities and back them with tax and other incentives.

It will establish Industrial Councils in which members of the government will convene periodically with representatives of industry to discuss problems and solutions. Each council will be dedicated to a different sector and national councils will deal with issues common to all industrial sectors.

The government will put at the disposal of the industrial sector all the infrastructure that it currently possesses but does not operate.

The government will direct its development efforts and budget resources to areas - both geographical and sectoral - mandated under the Industrial Policy.

The government will create an "Industrial Goods Exchange" which will facilitate the flow of information between its members and to the outside world concerning which goods are available and at which price.

The government will encourage the formation of household-sized small crafts factories. These will manufacture goods unique to the Macedonian cultural heritage - or subcontract for bigger firms. They will be treated as small businesses, with all the benefits accruing to them.

2. Agriculture

The Macedonian agriculture is in shambles.

The government will not attempt to artificially resuscitate those segments which are non-competitive and inefficient.

The government will conduct a nationwide survey of all the agriculture stock: infrastructure, livestock, inventories, needs.

Based on this thorough survey, the government will declare a national Agricultural Policy, similar to its Industrial Policy. The two should be synergistically linked. For instance, the government will encourage agricultural produce which could serve as raw materials for a domestic industry.

The government will encourage the transition to hi-tech, high value added, sophisticated, off season agriculture. It will initiate education and technology transfers in the agricultural sector, aided by other countries and governments.

It will provide financing and procure know-how to establish regional processing centres (cold storage, controlled air storage, packing and sorting centres, slaughterhouses, mini-dairies and so on) with the aim to move our agriculture from the level of raw materials to semi-finished and finished products which are much more lucrative.

Above all, the government will encourage efficiency in all phases of the production and distribution cycles:

Old irrigation methods will be replaced with new technology.

Ploughing, sowing, diluting, planting, greenhouses, the full utilization of existing machinery, new seeds, biotechnology - all need to be tackled using new techniques and methods available in the world.

Bottlenecks related to distribution and the operation of the markets render our produce expensively non-competitive even when compared to imported produce.

This anomaly must be solved by improving transport and distribution channels.

Market accessibility and produce availability are, arguably, Agriculture's two biggest problems in Macedonia.

Another problem, is lack of communication and information. At times, products are imported from abroad that are available a few kilometres away!

The government will initiate an "Agricultural Commodities Exchange" which will facilitate the flow of information among its members.

3. Transportation and Telecommunications

Transportation and telecommunications are the blood vessels in the economic body of the nation. In Macedonia, these blood vessels are in advanced stage of sedimentation. To restore them and to replace them with more appropriate vessels is a prerequisite, a precondition to the resuscitation of the Macedonian economy.

The government will attract private firms to build transportation infrastructure and facilities, by offering to them long term concessions in a "Build, Operate, Transfer" (BOT) approach. This way, roads, railways, river facilities, petrol stations - all can be constructed with a minimal investment of taxpayer's money.

The government will open the telecommunications market to unrestrained competition in all fields: domestic calls, international calls, internet service provision, data transfers and verification, EDI, satellite communications, cellular phone networks, paging systems and all other areas of telecommunications.

It will auction frequencies and licences and rights in a series of international tenders, open to participants from all over the world. The proceeds will be invested in the further development of infrastructure.

It will maximize the income to the nation from the use of its resources - while guaranteeing more choice, higher quality, better services, bigger efficiency - and all this at no cost to the public purse!

The government will privatize all its holdings in transportation and telecommunications facilities and companies. It will sell its shares through international, competitive tenders without limitation as to the nationality of the participants. The proceeds will be invested in infrastructure only.

4. The Information and Knowledge Industries

Macedonia has a high rate of educated workforce, most of it computer literate and those who are not can easily acquire computer literacy.

The government will attract multinational firms to establish back-office operations here: data processing, processing of claims, telemarketing, settlement of transactions, software duplication, microchip production and other low skill information technology activities.

Concurrently, the government will emphasize computer literacy and education both in existing educational and academic institutions - and in private sector schools.

The government will commence a national drive to open computer classes in all the schools of Macedonia and to initiate all the members of the younger generations in the use of the information highway. It will appeal to nations and to organizations around the world to assist it in this effort. It will also appeal to the Macedonian diaspora all over the world to contribute the necessary equipment.

The government will encourage the formation of software development firms, internet related international activities and other knowledge industries. It will strive to transform Macedonia into a production and development base for all of the Balkan area.

The government will establish a strong presence on the Internet by opening websites to promote exports, foreign direct investment (FDI) and tourism.

It will encourage firms to minimize their costs by using the Internet as their communications backbone - rather the existing telephony system.

The government will step up its support of scientific and technological activities and especially research and development. It will offer tax incentives, loans and grants for the development of new products. It will be entitled to royalties from future sales until it has been fully repaid.

It will establish a "Chief Scientist" Office in the Ministry of Industry to supervise these activities and to authorize applications for such funding.

The government will initiate the creation of a "Macedonian Venture Capital Fund" to invest in intellectual property (patents, designs, trademarks, copyrighted material, etc.) generated within the Republic. It will invite Macedonians in the diaspora to participate in it, as well as foreign venture capital funds and funds from the relevant European Union organs.

The government will enhance the image of Macedonia as an "emerging economy". This is an asset hitherto totally unused. There are numerous financial sources in the world (mutual funds, pension funds, investment banks, private investors) looking to invest exclusively in emerging markets and emerging economies. Macedonia should have tapped these resources - but has neglected them and did not attract the funds which were available to it.

5. Construction

The construction sector is not only a gauge of national economic health - it is also a barometer, signalling the future. A host of industries and crafts are involved in the complex process of construction.

The government will encourage residential construction by providing state guaranteed construction loans, on the one hand - and mortgage backed loans to young couples, on the other hand.

Every developer and construction group which will initiate a residential property project - will be entitled to receive upto 70% of the construction costs in the form of a construction loans, linked to the appreciation in the value of the property, as the construction proceeds. These loans will be guaranteed by a special government authority.

Young couples who wish to buy a home, will receive up to 15 year loans covering up to 50% of the price of the apartment, with subsidized interest rates and low repayments with the property as the collateral.

The government will sell housing that it possesses in a public auction.

The government will discourage - through the tax system - any property owner who chooses not to rent his apartment.

The government will encourage - through the tax system - construction of housing projects for rental purposes, the construction of one bedroom housing units and construction in the periphery of cities.

The government will auction the land that it owns and sell it below market prices to private land developers - providing that they pass these discounts to the future homeowners.

The government will grant a licence to operate "Apartment Exchanges" on a commercial basis.

6. Tourism and Catering

Macedonia contains many sites which constitute an important part of the international cultural heritage. Unfortunately, these sites are not preserved, the infrastructure to accommodate international tourism is absent or dilapidated and the huge potential of Macedonia's breathtaking landscapes, archaeology and sites remains largely that: a potential.

This government recognizes tourism to be an export item.

It will encourage the construction of all types of tourism infrastructure: all grades of hotels, catering to different populations, restaurants, roads, signs, public utilities, fully equipped camping sites, panoramic views, etc.

The government will conduct a national survey of Macedonia and take stock of all the "tourism inventory": sites, hotels, restaurants, camping facilities, utilities, roads, signs, museums and so on.

The state that each tourism asset is in will be noted: is it decrepit, badly maintained, not tourist-friendly, lacking signs or explanations in foreign languages, lacking access roads, water, public lavatories.

The government will invest its own resources in small ticket items, in the maintenance of the sites and their transformation into tourist friendly locations and in the marketing of Macedonia worldwide as an hidden, unspoiled paradise.

Concurrently, the government will collaborate with private - domestic and foreign - entrepreneurs, who wish to construct facilities to accommodate international tourism. It will assist in attracting a major hotel management firm to invest in Macedonia and give its name and expertise to the local operation.

The government will strive to educate our citizens to welcome foreigners and be tolerant and understanding when confronted with differences in culture and behaviour.

The government will encourage both low spending and high flying types of tourism: backpack, young tourists, campers and businessmen.

The government will establish modern facilities for congresses, conventions and trade fairs in Skopje and in two other major cities.

Banking, Finance and the Capital Markets

Economic activity cannot be pursued without the continuous support of stable and risk assuming banking system and capital markets. Unfortunately, Macedonia has neither.

The government will reduce the capital requirements to open a bank, to allow for increased competition in this sector. It will, however, screen applications more carefully and refuse investors with no thorough background in banking.

The government will abolish all non-banking financial institutions and encourage banks to open branches throughout the country by reducing the capital required to do so.

The function of Bank Supervision will be separated from the Central Bank and transferred to a distinct government agency with judicial and criminal prosecution powers. However, liquidity and reserves policies will still be determined by the Central Bank.

All the banks will be required to manage their accounts using western accounting methods and to be audited by a Western auditor. The banks will supply the Supervision authorities with quarterly exposure and asset risk assessments.

To reinstate the trust between the population and the banking system, the government will strengthen considerably the role and the financing of the Deposit Insurance agency. The government will fully guarantee its obligations.

By providing tax incentives, the government will encourage the banks to computerize and to reduce their costs (and the waste of their clients' resources) by performing more and more banking functions through unmanned teller machines.

The banks will administer the government's plans for small businesses and for export encouragement.

But banks are only part - albeit, indispensable - of the total picture of capital markets in a modern economy.

The other part are the various exchanges, headed by the Stock exchange.

The latter has performed dismally in the first year of its existence, not least because the government refrained from using it in the process of privatization and because it had no political clout.

This government will regard the Stock Exchange as a prime financing instrument in the economy. It will encourage its activities in many ways:

It will offer tax breaks (up to total exemption from capital gains tax) to owners of stock in listed companies;

It will educate the public as to how to use the Stock Exchange as a capital market - and as to how to trade in it;

It will encourage employees and managers who received stock during the privatization process to trade their shares through the services of the Stock Exchange;

It will establish free legal and accounting services for firms who wish to be enlisted;

It will continue the process of privatization through the Stock Exchange;

It will raise and recycle some of its internal debt through the Stock Exchange;

It will not tax long term holding of shares as an investment;

It will support the creation of mutual funds and voucher funds.

Today, 145,000 of our citizens are nominal shareholders. Their wealth depends on their ability to infuse their firms with new capital, new management techniques, new ideas and technological innovation. Some will succeed - but others will not.

This government will not re-nationalise privatized firms whose new owners default on their undertakings to pay the Agency for Transformation of Enterprises with Social Capital.

It will also not re-nationalise privatized firms whose new owners mismanage or procrastinate on vital business decisions.

This government, in short, will not be the lender of last resort to economic basket cases. It will not re-instate an economic system which failed so miserably just less than a decade ago.

Instead, it will look to the domestic capital markets to do the job of mediating between private, domestic and international, capital and bargain basement priced firms.

Because we anticipate this imminent need in fresh capital and business outlook - we decry the need in efficient, liquid capital markets.

The process of privatization in Macedonia was botched, misused, mismanaged and abused to a point of no return. Companies were transferred at ridiculously low prices to the very same people that brought the companies to their sorry state in the first place. This was privateering - not privatization. Crony capitalism was loose and nepotism celebrated.

But now all this is behind us and there is nothing much which can be done to reverse the wheel of history. In the future we will have to suffer the results of this careless, negligent approach to the disposition of the assets of this nation.

But this country cannot pay anymore for the mistakes and wrongdoing of its political level and it has suffered enough.

It must now prepare the financing alternatives through the establishment of healthy banks and a healthy capital market.

Foreign Direct Investment (FDI) and Free Trade Zones (FTZ)

This governments regards FDI to be its only measure of success or failure in office. If foreign investors vote confidence in it - the whole Macedonian economy would look different.

The government will establish 2-3 free trade zones in Macedonia - one near Skopje and two others in more peripheral areas, close to main transportation veins. These areas will be declared completely off-shore and ex-territorial.

They will be dedicated to industrial and to processing activities - but will allow, in their charter for holdings, banking, insurance and financing activities, as well.

This government will attract FDI by:

Fiercely protecting property and intellectual property rights;

Revamping and restructuring the judicial system to allow for efficient enforcement of the law;

Offering tax incentives, grants and loans;

Appealing to Macedonians abroad, offering them special treatment;

Improving the general business and economic climate in the country;

Instituting full disclosure and Western accounting methods;

Emphasizing the natural and human endowments of Macedonia;

Providing ever improving telecommunications and financial infrastructure;

Participating in a Venture Capital Fund for Macedonia;

Encouraging prime Macedonian firms to list and trade their securities abroad;

Revitalizing the local capital markets to provide for exit strategies;

Collaborating with international financial institutions;

Educating the population to approach international financial sources for their financing needs;

Establishing free trade zones;

Improving the physical infrastructure using BOT arrangements;

Promoting Macedonia abroad for what it is: a unique opportunity.

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